



## PRESERVATION ACQUISITION FINANCE PROGRAM

<b>Program Description</b>	<p>The <b>Preservation Acquisition Finance Program</b> (“Acquisition”) is designed to facilitate the acquisition of at-risk affordable housing developments and provide low-cost funding to preserve the affordability status of existing government-assisted projects deemed at risk; including, but not limited to, developments with:</p> <ul style="list-style-type: none"> <li>• Project based Section 8,</li> <li>• State or local government loans, or</li> <li>• Locally issued tax-exempt bonds</li> </ul> <p>The Acquisition Program is expected to be used with CalHFA Permanent Financing.</p>
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• Available to for-profit, non-profit or public agency sponsors.</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Loan to cost: 100% for non-profits; 95% for-profits</li> <li>• Minimum 115% debt service coverage</li> </ul>
<b>Fees</b> (subject to change)	<ul style="list-style-type: none"> <li>• Application Fee: \$500, due at time of application submittal</li> <li>• Loan Fee: .75% of the loan amount due prior to the CalHFA Board Meeting.</li> <li>• Credit Enhancement Fee: Included in the interest rate</li> <li>• Completion Guarantee Fee: 15% of rehabilitation/construction contract.</li> </ul>
<b>Rate &amp; Terms</b> (subject to change)	<ul style="list-style-type: none"> <li>• Construction Rate: 125 basis points over one month LIBOR, adjusted monthly; 25 basis points per month, 250 basis points for the term.</li> <li>• Payments: Interest-only payment required</li> <li>• Term: Up to a maximum of 24 months</li> </ul>
<b>Subordinate Financing</b>	All loans, leases, development and regulatory agreements must be subordinate to CalHFA financing.
<b>Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>• 20% of the units are required to be restricted to households earning 50% or less of the county median income (as adjusted by family size)</li> <li>• Loans in excess of \$10 million require additional levels of affordability</li> </ul>
<b>Due Diligence</b>	<p>All of the listed due-diligence efforts are required and are at the borrower's expense:</p> <ul style="list-style-type: none"> <li>• Property appraisal is required, and a market study may be required</li> <li>• Phase I, seismic review and other studies may be required at CalHFA's discretion</li> <li>• Physical Needs Assessment for rehabilitation projects</li> </ul>

	<ul style="list-style-type: none"> <li>• Termite/Dry rot reports by licensed company.</li> <li>• Construction period inspection fees are estimated at \$1,500 per month</li> </ul> <p>Section 8 Projects:</p> <ul style="list-style-type: none"> <li>○ Final Commitment is conditioned upon review and acceptance by the Agency of the AHAP contract.</li> </ul>
<b>Required Reserves</b>	<ul style="list-style-type: none"> <li>• Transition Operating Reserve: Negotiable (Section 8 projects).</li> <li>• Operating Expense Reserve: 10% of annual gross income due at permanent loan closing</li> <li>• Replacement Reserve: Initial cash deposit required</li> <li>• Construction Defects: 2.5% of construction hard costs, held for 12 months from permanent loan close (cash or letter of credit)</li> </ul>
<b>Questions</b>	<p>Questions regarding the Preservation Acquisition Finance Program can be directed to CalHFA's Multifamily Finance Division:</p> <ul style="list-style-type: none"> <li>• James T. Liska, Loan Officer, Multifamily Programs</li> <li>• 1415 L Street, #650, Sacramento, CA 95814</li> <li>• Phone: 916.324.5698</li> <li>• Email address: <a href="mailto:jliska@calhfa.ca.gov">jliska@calhfa.ca.gov</a></li> </ul>

**IMPORTANT DISCLOSURE INFORMATION:**

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. CalHFA does not discriminate on the basis of disability in employment or in the admission and access to its programs or activities.

10/05